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CHECK AGAINST DELIVERY

Briefing to the Committee on International Relations

The Afghan Opium Situation

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Mr. Chairman,
Distinguished Members of the Congress,

It is an honour and pleasure to brief this Committee meeting.

The news that I bring is not good.

As you have probably heard from media reports on the UNODC *Afghanistan Opium Survey*, this year opium cultivation in Afghanistan rose 59 percent to a staggering 165,000 hectares. Afghanistan is now virtually the sole provider of opium with 92 percent of the world market (figures 1 and 2).

The yield from this harvest is 6,100 tons of opium, a modern day record (fig. 3). We estimate that over 600 tons of heroin will flood the world market with a potential street value of well over \$50 billion. That's a massive windfall for organized crime, insurgents and terrorists. And it is a major health risk as the number of deaths from drug overdoses around the world is now likely to exceed the 100,000 victims a year of the recent past.

Opium has become Afghanistan's largest employer, income-generator and source of capital – as well as its biggest export: in simple words, Afghanistan is a narco-economy, with over half of its national income due to drugs. Now Afghanistan is in danger of becoming a narco-state, where drugs determine power, rot society and fund terrorism. There is no rule of law in Afghanistan: in the south the insurgents' bullets rule, while everywhere else is the rule of the bribe.

Last December President Karzai warned: *either Afghanistan destroys opium or opium will destroy Afghanistan*. We are coming dangerously close to this second option. If you look at the map showing main cultivation areas (fig. 4), you will see that Hilmand province in the South had 69,000 hectares of poppy fields this year – almost half of all opium grown in Afghanistan, for an extraordinary 160% increase over 2005.

It is no coincidence that if you look at the security map (fig. 5), you see the same southern region as most affected. In the provinces of Kandahar, Uruzgan and Hilmand drugs and insurgency feed off of each other: instability enables opium growers and traffickers to prosper, while the opium trade funds insurgency.

The other problem area is in the north-east, in Badakhshan, where the opium crop has increased greatly thanks to corrupt officials and powerful warlords who operate outside the control of the central government. We are working on additional maps to show the most corrupt provinces of Afghanistan as well the regions where warlords prevail. I am quite sure that we will be able to show an overlap between regions rich in opium and those that are corrupt in governance or controlled by private armies.

How can we deal with such a real and present danger?

First, there needs to be an improvement in security and the rule of law. This must include destroying the opium trade. The Afghan army and NATO cannot allow opium traffickers to operate with impunity. The opium money is being used to pay for arms and fighters for the insurgency. Counter-narcotics and counter-insurgency are two fronts of the same war. NATO troops should be given the mandate and means to help the Afghan army fight the opium trade: to

destroy the heroin labs, disband the opium bazaars, attack the opium convoys and bring to justice the big traders.

What about the farmers?

Second, we need to make farmers think twice before planting opium this autumn. At the moment Afghan opium farmers gain high rewards and face almost no risk (figures 6 and 7). We need to redress this risk/reward imbalance, using the carrot of development assistance and the stick of eradication. The goal should be to double the number of opium-free provinces next year, and double them again in 2008. I caution that NATO forces should not become involved in eradication: Afghan farmers are a political and social issue.

Third, Afghanistan needs more development assistance. Throughout Afghanistan, mass poverty makes farmers vulnerable both to political extremists and to the temptation of planting opium. Farmers can make 1-2 dollars a day through an honest job. They can make 4-5 dollars a day during the opium harvest, or 8-10 dollars as foot soldiers for the Taliban. Aid money needs to increase in size and flow faster, with lower overhead costs. Rural Afghanistan needs roads, irrigation, electricity, education, micro-credits and markets for farmers' products. I believe in fighting drug cultivation first and foremost with the instruments of sustainable livelihood and economic development: recent decisions by the World Bank in this regard are most welcome.

But aid -- whether in the form of roads or of irrigation -- should not be used to grow more opium. Therefore, as a fourth point, drug and integrity conditions should be inserted into aid programs. The more vigorously district and provincial leaders commit themselves to activities free of opium and to governance free of corruption, the more they deserve generous development assistance. Insertion of such a double *no drug / no corruption pledge* in aid programs will inspire both fund recipients (the farmers) and fund providers (western taxpayers) at a time when they are both understandably frustrated.

Fifth, it is time for the Afghan Government to take tougher action to root out corruption, arrest major drug traffickers and opium-farming landlords, and seize their assets. We have trained police and prosecutors, we have constructed court houses and detention centers. Now the government has the obligation to use the judicial system, infant as it is, to impose the rule of law and re-establish confidence in the central government. The one hundred beds at the new maximum-security prison at Pul-i-Charki (near Kabul) should be filled up as soon as possible with major traffickers and corrupt officials. Why not establish an internationally agreed most wanted list of major traffickers, and extradite them? Such measures have been effective in other contexts, proving to be a deterrent. They would also restore public confidence in a badly shaken government.

Finally, I note that foreign pressures are making Afghanistan the turf for proxy wars. Because of its uncontrolled borders, Afghanistan is being destabilized by an inflow of insurgents, weapons, money and intelligence. Thousands of tons of chemical precursors (needed to produce heroin) are smuggled into the country as similar amounts of opium are smuggled out (see fig. 8). Clearly, there is collusion and this is a problem in itself.

Distinguished Members of Congress,

We must also look at home for solutions to the current crisis and for ways to save lives. Coalition nations assisting Afghanistan are also the biggest consumers of its heroin. Heroin addicts in rich

Western states are partly funding the war that is killing Afghan civilians and NATO troops. Experience shows that massive over-supply of heroin (as in 2004) does not lead to lower prices but to higher-purity heroin doses: this year more people will die from heroin overdoses in the West than as a result of violence in Afghanistan. I intend to alert health officials of this pending tragedy, avoidable to an extent if more is done to prevent and treat drug abuse.

In conclusion, we have a shared responsibility to help Afghanistan out of this crisis. If we do not act swiftly and effectively, I can imagine the subject of a future, similar Congressional hearing: *who lost Afghanistan?*

Thank you for your attention. I stand prepared to answer your questions.